

MEDIA INFORMATION

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Illegal Tobacco Trade Flourishing Despite Efforts to Combat it

JTI Ireland's Report Highlights Extent of the Problem

Dublin, 22 April, 2014 – JTI Ireland Ltd today launched a report examining the illegal trade of tobacco products in Ireland. The review looks at the illegal trade in the current economic environment, where criminals are earning profits equal to 1,000 times the fines imposed by the courts; where non-duty paid tobacco is costing the exchequer €250 Million and the retail trade €450 Million annually.

Ireland has one of the highest rates of illegal tobacco trade in Europe and one in four cigarettes consumed are not taxed. Combatting this is a key business priority for JTI. *"We are committed to fighting this highly damaging and unregulated trade. This is costing retailers and the taxpayer hundreds of millions, and continues to fuel crime in communities across Ireland,"* states John Freda, General Manager of JTI Ireland.

The illegal tobacco trade has huge societal impacts. Criminals and gangs use children to sell products and channel the profits into other illegal activities. *"Cigarettes are at least 50% cheaper on the streets than the ones sold by legitimate retailers, which encourages minors to buy illegal tobacco in unregulated markets and back alleys,"* stresses Mr. Freda.

The report examines potential future drivers of this trade, including the Government's proposal to introduce 'plain' packaging for tobacco products and the revised EU Tobacco Products Directive. In 2012, the Australian Government introduced several tobacco control measures including high excise increases and plain packaging, which have fuelled the illegal trade of tobacco. There has been a 20% increase in the first year following the introduction of these measures according to a new report released by KPMG¹. *"Ireland already has the highest priced cigarettes in the EU. Plain packaging will only make matters worse and serve the interests of criminal gangs, as it has in Australia,"* emphasizes Mr. Freda.

¹ Illicit Tobacco in Australia – 2013 Full Year Report: KPMG, 2 April 2014.

Reversing the trend of the illegal tobacco trade is a key part of the report. JTI actively works with law enforcement to combat the illegal trade, supplying information and providing training in order to facilitate seizures. The Company has contributed hundreds of millions of Euros to an EU-wide fund², which the Irish Revenue Customs service has used to invest in programmes. *“We will continue to work closely with the authorities to fight smuggling. In fact, in 2013, JTI supplied information to OLAF³ relating to over 4 billion cigarettes in over 80 suspect shipments across Europe,”* stresses Mr. Freda.

Finally, the report calls on the Government to establish an interdepartmental committee to focus on the illegal trade of all products. *“It’s clear that the pragmatic law enforcement approach to fighting the illegal trade can work. However, this must be married with a coordinated Government approach at the decision-making level, and this is not happening,”* says Mr. Freda. Minister Noonan has recently committed to the establishment of an informal working group on the illicit trade. *“We welcome this initiative; it’s a step forward in the right direction,”* concludes Mr. Freda.

For more information on the report, please visit



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About JTI

JTI Ireland Ltd, a member of the Japan Tobacco Group of Companies, is Ireland’s leading tobacco manufacturer. It markets brands such as Benson & Hedges, Silk Cut, Camel and Amber Leaf. JTI Ireland supplies over 4,000 retail outlets nationwide and employs more than 100 people locally. JTI acquired Gallaher in 2007. Gallaher had been manufacturing tobacco products in Ireland since 1964. For more information, visit www.jti.com

² http://ec.europa.eu/anti_fraud/investigations/eu-revenue/japan_tobacco_2007_en.htm

³ European Anti-Fraud Office